

105TH CONGRESS  
1ST SESSION

# H. R. 724

To amend the Internal Revenue Code of 1986 to allow a deduction for the payment of interest on student loans.

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 12, 1997

Mr. KENNEDY of Rhode Island (for himself and Mr. FOX of Pennsylvania) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to allow a deduction for the payment of interest on student loans.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Student Loan Afford-  
5       ability Act of 1997”.

6       **SEC. 2. DEDUCTION FOR HIGHER EDUCATION EXPENSES.**

7       (a) DEDUCTION ALLOWED.—Part VII of subchapter  
8       B of chapter 1 of the Internal Revenue Code of 1986 (re-  
9       lating to additional itemized deductions for individuals) is

1 amended by redesignating section 221 as section 222 and  
 2 by inserting after section 220 the following new section:

3 **“SEC. 221. INTEREST ON STUDENT LOANS.**

4       “(a) ALLOWANCE OF DEDUCTION.—In the case of an  
 5 individual, there shall be allowed as a deduction an  
 6 amount equal to the interest on qualified higher education  
 7 loans paid by the taxpayer during the taxable year.

8       “(b) QUALIFIED HIGHER EDUCATION LOAN.—For  
 9 purposes of this section—

10           “(1) IN GENERAL.—The term ‘qualified higher  
 11 education loan’ means a loan which—

12           “(A) is made to a student to meet the stu-  
 13 dent’s cost of attendance at an institution of  
 14 higher education;

15           “(B)(i) is made, insured, or guaranteed by  
 16 the Federal Government;

17           “(ii) is made by a State or a political sub-  
 18 division of a State;

19           “(iii) is made from the proceeds of a quali-  
 20 fied student loan bond under section 144(b); or

21           “(iv) is made by an institution of higher  
 22 education (as defined in section 1201(a) of the  
 23 Higher Education Act of 1965 (20 U.S.C.  
 24 1141(a))); and

1           “(C) in combination with all other finan-  
2           cial assistance awarded to (or on behalf of)  
3           such student to meet such cost of attendance,  
4           does not exceed such cost of attendance for the  
5           academic year for which such loan is made.

6           “(2) COST OF ATTENDANCE.—The term ‘cost of  
7           attendance’ has the meaning given such term by sec-  
8           tion 472 of the Higher Education Act of 1965 (20  
9           U.S.C. 1087ll).

10          “(3) INSTITUTION OF HIGHER EDUCATION.—  
11          Unless stated otherwise, the term ‘institution of  
12          higher education’ means an institution which—

13               “(A) is described in section 481 of the  
14               Higher Education Act of 1965 (20 U.S.C.  
15               1088), and

16               “(B) is eligible to participate in programs  
17               under title IV of such Act.

18          “(c) NO DOUBLE BENEFIT.—No deduction shall be  
19          allowed under subsection (a) for interest on qualified high-  
20          er education loans with respect to which a deduction is  
21          allowed under any other provision of this chapter.

22          “(d) REGULATIONS.—The Secretary may prescribe  
23          such regulations as may be necessary or appropriate to  
24          carry out this section, including regulations requiring rec-  
25          ordkeeping and information reporting.”

1       (b) DEDUCTION ALLOWED IN COMPUTING AD-  
2 JUSTED GROSS INCOME.—Section 62(a) of such Code is  
3 amended by inserting after paragraph (16) the following  
4 new paragraph:

5               “(17) INTEREST ON STUDENT LOANS.—The de-  
6 duction allowed by section 221.”

7       (c) CONFORMING AMENDMENT.—The table of sec-  
8 tions for part VII of subchapter B of chapter 1 of such  
9 Code is amended by striking the item relating to section  
10 221 and inserting:

“Sec. 221. Interest on student loans.

“Sec. 222. Cross reference.”

11       (d) EFFECTIVE DATE.—The amendments made by  
12 this section shall apply to taxable years beginning after  
13 December 31, 1996.

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